



# HOUSE BUDGET COMMITTEE

## Democratic Caucus

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### **Bush's "New Era of Environmental Protection"**

President Bush recently marked his 100<sup>th</sup> day in office, a point at which observers traditionally stop to judge how a new President is faring. In the area of environmental protection, many observers have concluded that the President's first 100 days were largely a disaster. For example, the Wilderness Society recently declared the Bush Administration's environmental rollbacks the greatest threat to America's public lands. Environmentally harmful decisions made by the Bush Administration so far include the following:

- ! rescinding an order that would have limited arsenic in drinking water;
- ! renouncing the Kyoto agreement on global warming and reversing a campaign promise to regulate carbon dioxide emissions from power plants;
- ! delaying new hard rock mining regulations that would require companies to protect water quality, pay for cleanup, and restore public lands ruined by mining activities;
- ! proposing to drill for oil and gas in the Arctic National Wildlife Refuge; and
- ! suspending several of the Clinton administration's environmental rules, including one that would protect the remaining roadless areas in the national forests.

The President's 2002 budget request should be added to this list, because it contains significant cuts in funding for many of the crucial programs that protect public health and the environment, as well as for programs that help to develop more environmentally benign energy sources. During last year's campaign, Candidate Bush promised a "new era of environmental protection" and a "comprehensive national energy policy." This report details what the President apparently had in mind when he used those phrases.

Following is a brief analysis of overall appropriated funding in the President's budget and the general outlook for environmental funding over the ten-year horizon of the budget. Then the report describes the President's cuts for environmental protection and cleanup programs in the Environmental Protection Agency and in the Departments of Interior, Agriculture, and Energy. After that, the report outlines the President's cuts to programs related to renewable energy and energy efficiency. These programs benefit the environment by developing more environmentally friendly sources of energy and by reducing overall energy consumption.

## Budget Summary

President Bush claims that his budget increases overall funding for appropriated programs by 4.0 percent, but this claim is misleading because it masks deep cuts to domestic appropriations. The budget increases funding for defense and international affairs, but cuts funding for domestic appropriations by \$6.8 billion below the Congressional Budget Office's estimate of the level needed to maintain purchasing power at the 2001 level. After the increases for a few domestic programs are taken into account (primarily education and the National Institutes of Health), the budget cuts remaining domestic programs by an average of 6.2 percent below the 2001 level of purchasing power.<sup>1</sup>

### Environmental Appropriations (Function 300)

(budget authority in billions of dollars)

	2002	2002-2006	2002-2011
Maintain purchasing power at adjusted 2001 level	28.9	152.8	327.4
President's budget	26.4	136.1	282.7
President's budget below adjusted baseline	-2.5 (-8.7%)	-16.7 (-10.9%)	-44.7 (-13.7%)

As part of this squeeze on domestic appropriations, the President's budget has forced large cuts to important environmental and energy programs, which are scattered throughout the federal government in many different agencies. However, the way that the budget is classified allows an analysis of a major subset of environmental programs, including the Environmental Protection Agency (EPA), the Interior Department, and the National Oceanic and Atmospheric Administration (NOAA). These funding for these programs are all included in Function 300 of the budget.<sup>2</sup>

For 2002, the President's April budget provides \$26.4 billion in appropriations for Function 300. After an adjustment for the President's National Emergency Reserve Fund,<sup>3</sup> this funding

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<sup>1</sup>For further discussion, see *Summary and Analysis of President Bush's April Budget*, which can be found on the web site of the House Budget Committee Democrats.

<sup>2</sup> The nuclear cleanup programs of the Energy and Defense Departments are included in Function 050 (Defense). Research programs for global warming and renewable energy are included in Function 250 (General Science, Space, and Technology), Function 270 (Energy) and Function 350 (Agriculture).

<sup>3</sup> This adjustment removes about \$800 million in emergency appropriations for last summer's wildfires from the budget baselines for Function 300.

level is \$1.6 billion (5.7 percent) below a freeze at the 2001 level and \$2.5 billion (8.7 percent) below CBO's estimate of the level needed to maintain current purchasing power. The funding situation for environmental programs only worsens in future years. Over ten years, the President's budget provides \$282.7 billion for environmental appropriations. With the same adjustment for the National Emergency Reserve, this funding level is \$44.7 billion (13.7 percent) below CBO's estimate of the level needed maintain current purchasing power.

Although the foregoing analysis covers only a portion of the funding for environment-related programs, it illustrates how the President's budget squeezes many domestic programs over the next ten years to pay for an oversized tax cut. The rest of this report explores the details of the President's budget for environmental programs for 2002.

## **Environmental Protection Programs**

### **Environmental Protection Agency**

- ! ***Environmental Protection Agency (EPA)*** — For 2002, the President's budget provides \$7.3 billion for EPA, \$500 million (6.4 percent) less than a freeze at the 2001 level. This funding level is \$800 million (9.4 percent) below CBO's estimate of the level needed to maintain current purchasing power. As described below, this cut falls mostly on aid for water infrastructure as well as science and technology programs and EPA's enforcement and compliance efforts.
- ! ***Water Infrastructure*** — For 2002, the President's budget provides \$850 million for the Clean Water State Revolving Fund (SRF) Program, not even two-thirds of last year's enacted level. As a consolation, the budget does contain \$450 million for a new grant program that Congress created last year to address the lingering problem of sewer overflows. For the Drinking Water SRF Program, the budget provides \$823 million, the same funding as last year. Finally, the budget zeroes out \$335 million in water infrastructure aid outside of the aforementioned programs. Overall, the cut to water infrastructure aid totals \$382 million from the 2001 freeze level. This cut comes as bipartisan coalitions in both the House and the Senate prepare to push for increased federal assistance to address the country's unmet clean water and drinking water needs.
- ! ***EPA Science and Technology Programs*** — The Administration has said that it wants to make environmental decisions based on sound science, but at the same time it is cutting programs that provide the scientific basis for those decisions. Overall, the budget cuts EPA's science and technology account to \$641 million, a decrease of \$54 million (7.7 percent) from the 2001 freeze level. This cut includes a \$4.5 million cut to safe drinking water research and a \$6.3 million cut to research on key air pollutants.

- ! ***EPA Enforcement Staff*** — The President’s budget cuts the agency’s regulatory enforcement staff by over 220 positions. By the agency’s own estimates, this will result in 2,000 fewer inspections, 50 fewer civil investigations, and 50 fewer criminal investigations by EPA. This cut is part of an effort to shift enforcement of environmental requirements to the states; the budget provides \$25 million in new grants to help pay for states’ enforcement activities. States may be unwilling or unable to enforce limits on pollution that crosses state boundaries. They may also be reluctant to enforce environmental requirements on powerful corporations that are major employers in the state.

## **Department of Interior**

- ! ***New Conservation Category Flat-Lined*** — The President’s budget backtracks on last year’s landmark agreement to set aside and protect funds for land and water conservation programs.<sup>4</sup> Last year, an overwhelming and bipartisan majority in Congress voted to create a new category of appropriated funding for land and water conservation programs. For 2001-2006, the funding in this new category is “fenced off” from other appropriated funds, and if appropriators do not utilize all of the funds in the category in any one year, any unused funding is available for appropriation the next fiscal year.

The category was set at \$1.6 billion for 2001 and is scheduled to grow by \$160 million per year through 2006, when it will reach \$2.4 billion. However, the President’s budget abandons this funding schedule and flat-lines conservation funding, resulting in \$2.7 billion less in dedicated conservation appropriations over the five-year period. During consideration of the budget resolution, the Senate approved an amendment to undo the President’s cut to the conservation category for 2002.

- ! ***Land and Water Conservation Fund (LWCF) Programs*** — The LWCF was established to fund purchases of land and water for outdoor recreation. The President’s budget claims to provide “full funding” for LWCF programs, \$900 million split evenly between federal agencies and grants to states. In fact, the President’s budget provides only \$390 million for federal land acquisition and uses the remaining \$60 million for unrelated assistance for private landowners.

As for the state LWCF grants, the Administration claims to provide \$450 million for 2002 and calls this amount a \$360 million increase over last year’s funding level. However, that size increase is made possible only by repackaging funding for existing

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Act. <sup>4</sup> The conservation agreement was enacted as Title VIII of the 2001 Interior Appropriations

programs that provide conservation assistance to states. For example, the budget folds funding for the following programs into its total for state LWCF grants:

- ▶ Urban Park and Recreation Recovery Grants (\$30 million),
- ▶ Cooperative Endangered Species Conservation Fund (\$50 million),
- ▶ North American Wetlands Conservation Fund (\$25 million), and
- ▶ State Wildlife Grants (\$50 million).

Thus, the budget provides states with “new” LWCF funding but asks them to use it to make up for the elimination of other conservation assistance.

! ***Drilling in the Arctic National Wildlife Refuge*** — The President’s budget assumes the opening of the Arctic National Wildlife Refuge (ANWR) for oil and gas drilling. This highly controversial proposal threatens an irreplaceable natural treasure while adding a limited amount to the nation’s oil and gas supplies. Although this proposal is assumed in the budget, the Administration cannot implement it without new legislation. Both the House and the Senate rejected this proposal when crafting their respective budget resolutions.

! ***Cuts to Water Programs at U.S. Geological Survey (USGS)*** — The President’s budget cuts the USGS budget to \$813 million, \$69 million (8.5 percent) below the 2001 freeze level. This overall cut includes \$20 million from the National Water-Quality Assessment Program (NAWQA) and \$10 million from the Toxic Substances Hydrology Program. NAWQA does essential water-quality monitoring and research to assess the state of the nation’s waters and the pollution threats to those waters. The Toxic Substances Hydrology Program monitors for toxic substances in ground and surface water.

## **Department of Agriculture**

! ***Wetlands Reserve Program (WRP)*** — The President’s budget eliminates the Wetlands Reserve Program, a cut of \$162 million from the 2001 enacted level. This voluntary program purchases long-term conservation easements from farmers to protect wetlands, thereby improving water quality and protecting wildlife. By protecting wetlands, the program also helps to lessen the severity of flooding along waterways.

The Administration considers WRP to have completed its mission because it is due to reach its authorized acreage cap this year. However, the program has been so popular that roughly three-fourths of interested farmers and ranchers have been turned away due to lack of funding. To many, the unmet demand for enrollment in the WRP demonstrates the need to extend the program, not terminate it.

! ***Other Agriculture Conservation Programs*** — The President’s budget also eliminates other popular and effective conservation programs for agricultural producers: the Wildlife Habitat Incentives Program, the Farmland Protection Program, Soil and Water Conservation Assistance, and the Forestry Incentives Program. The budget claims these programs have completed their term or mission.

## **Department of Energy’s Environmental Cleanup**

The President’s budget cuts the efforts to clean up nuclear and other hazardous waste at numerous Department of Energy (DOE) sites throughout the country. These sites were contaminated during the production of nuclear weapons or during other federally sponsored nuclear-related activities. The budget provides \$5.9 billion for cleanup activities for 2002, which is \$354 million (5.6 percent) below the 2001 appropriated level, and 8.3 percent below the level needed to maintain purchasing power at the 2001 level.

The DOE’s Environmental Management program is largely responsible for the cleanup of these contaminated facilities. A total of 113 geographic sites were contaminated by DOE’s nuclear-related activities. These sites are located in 30 different states and occupy 2 million acres, approximately the size of Rhode Island and Delaware combined. Cleanup has been completed at 71 of the 113 sites, but the largest and most problematic sites (particularly those involved in the production of nuclear weapons) remain highly contaminated. Environmental funding is cut for most sites in the DOE complex. Funding is cut for 10 of the 13 states in which major cleanup sites still remain.

In addition to cutting funding for cleanup activities, the President’s budget cuts funding for research to make cleanup of radioactive and other highly toxic waste faster, safer, and more cost effective. The budget provides \$196 million for cleanup-related science and technology, which is \$56 million (22 percent) below the 2001 appropriated level of \$252 million. Ironically, in its budget justification material, the agency states that it has identified 650 “high” and “medium” priority cleanup technology programs that are needed to reduce costs and accelerate cleanup schedules.<sup>5</sup> Despite the obvious need for improved cleanup technology, the budget inexplicably cuts funding for these programs.

## **Renewable Energy and Energy Efficiency**

The Administration recognizes that the nation is facing an energy crisis. However, rather than advocating a balanced response that both increases energy supply and reduces demand, the

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<sup>5</sup> Department of Energy, FY 2002 Congressional Budget Request, Volume 5, pp.16-17.

Administration has put forward a budget heavily skewed toward increased production, mostly from fossil fuels. Such an energy policy carries with it high environmental costs.

Most observers expected that President Bush and Vice-President Cheney, both of whom have extensive experience in the oil industry, would pursue an energy policy that encouraged increased gas and oil production. However, as a candidate last fall, the President also made statements in favor of renewable energy. As detailed below, the President's budget request is not consistent with those statements. Furthermore, the budget cuts energy conservation.

- ! ***The President Breaks His Promise to Support Renewable Energy*** — Last fall, President Bush's Energy Issues Statement declared, "Governor Bush understands the promise of renewable energy and believes strongly in encouraging alternative fuel sources such as wind, biomass, and solar." In a speech given in Saginaw, Michigan on September 29, 2000, President Bush said, "to enhance America's long-term energy security, we must continue developing renewable sources of energy. . . Promoting renewal [sic] energy is a goal all America should share." In contrast to these statements, President Bush's budget cuts renewable energy resources by more than a third from the 2001 freeze level (see table below).

### **Pulling the Plug on Renewable Energy Resources**

(millions of dollars)

	2001 freeze level	Bush Budget for 2002	Funding Change	Percentage Cut
Biomass/Biofuels Energy Systems	86.3	80.5	-5.8	-6.7%
Geothermal Technology Development	26.9	13.9	-13.9	-51.7%
Hydrogen Research	26.9	13.9	-13.0	-48.3%
Hydropower	5.0	2.5	-2.5	-49.9%
Solar Energy	92.7	42.9	-49.7	-53.7%
Wind Energy Systems	39.6	20.5	-19.1	-48.2%
Other	95.9	63.2	-32.7	-34.1%
<b>Total, Renewable Energy Resources</b>	<b>373.2</b>	<b>237.5</b>	<b>-135.7</b>	<b>-36.4%</b>

- ! ***Energy Supply*** — The President's budget provides \$505 million for applied energy research and development programs as well as programs providing environmental oversight and mitigation. This level represents a cut of \$172 million (25.4 percent) from the 2001 baseline level and a cut of \$156 million (23.6 percent) from the 2001 freeze level. Of the total, the budget provides \$237 million for renewable energy resources (a decrease of \$136 million or 36.4 percent from a freeze at the 2001 level)

and \$223 million for nuclear energy research (a cut of \$23 million or 9.3 percent from a 2001 freeze level).

- ! **Energy Conservation** — The budget includes \$795 million for energy conservation programs, which is \$20 million (2.5 percent) below a freeze at the 2001 level. As the table below demonstrates, because this category includes the \$120 million increase for the Weatherization Assistance Program, the cuts to other programs is much larger.

Energy conservation programs seek to increase energy productivity and lower the amount of energy used to accomplish a stated task. Through partnerships with others and unique research, these programs make buildings more efficient and affordable; make vehicles more fuel efficient and less polluting; and find ways to reduce energy consumption that create jobs and boost productivity.

#### **Energy Conservation Funding in Function 270**

(budget authority in millions of dollars)

	2001	2002	Percent Change
Weatherization Grants	152.7	273.0	+ 78.8
Building Technology R&D	104.6	56.1	-46.3
Industry Sector	148.6	87.7	-41.0
All Other	409.5	378.2	-7.6
<b>Total, Energy Conservation</b>	<b>815.4</b>	<b>795.0</b>	<b>-2.5</b>

- ! **Global Climate Change** — During consideration of the budget resolution, the Senate approved a Democratic amendment to add \$4.4 billion over ten years (2002-2011) for activities related to global climate change. Democrats offered this amendment to reverse the President's cuts to a range of programs aimed at understanding the global climate, voluntarily reducing greenhouse gas emissions, and spurring innovation in energy technologies.